



TWENTY-EIGHTH ANNUAL REPORT
of the BOARD OF PUBLIC TRUSTEES

**BOSTON ELEVATED
RAILWAY COMPANY**

YEAR ENDED DECEMBER 31, 1946

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THE TWENTY-EIGHTH

Annual Report

of the

BOARD OF PUBLIC TRUSTEES

of the

BOSTON ELEVATED RAILWAY COMPANY

YEAR ENDED DECEMBER 31, 1946



The Information Contained Herein Is Not Given In Connection With Any
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BOARD OF PUBLIC TRUSTEES

*(Appointed by the Governor of Massachusetts pursuant
to Chapter 159 of the Special Acts of 1918)*

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THE 1946 ANNUAL REPORT OF THE
BOARD OF PUBLIC TRUSTEES OF THE
BOSTON ELEVATED RAILWAY COMPANY



Foreword

*I*N the year 1946, the railway established a new all-time high in the number of revenue passengers carried. The total number carried, 433,094,952, was 12,998,787 greater than in 1945, the previous high, and was an increase of slightly more than three per cent. over 1945.

During 1946, the railway operated 55,400,283 revenue miles of service, an increase of 793,898 revenue miles, or about one and one-half per cent., as compared to the revenue miles of service operated in 1945.

As indicative of the high tide of riding during this first full postwar calendar year, more than 38,000,000 passengers were carried each month in March, May and October of 1946, a monthly volume of passenger traffic never before reached. Riding was heavy throughout all the months of the year with eleven of them showing an increase over the same months of the previous year.

The largest number of revenue passengers carried on any day in 1946 was on Wednesday, September 4, the day of the parade held in connection with the national convention of the Veterans of Foreign Wars. On that day, 1,475,173 revenue passengers were carried, making it the third highest day in the railway's history, surpassed only by the 1,489,096 revenue passengers carried on Friday, December 21, 1945, and by the 1,514,027 revenue passengers carried on Saturday, December 23, 1916.

The great volume of passenger traffic during 1946 was undoubtedly caused primarily by the high degree of employment and of general prosperity. Therefrom resulted a wide use of

the system for business, shopping and recreational purposes. Although there was a heavy concentration of riding during the rush hours in 1946, there was also an increased use of the system in the so-called normal and light hours of travel. Still another factor producing the wide use of the railway system was the relatively few new automobiles manufactured and the desire on the part of the owners of old automobiles to conserve them for pleasure and long-distance driving. A less important but nevertheless significant factor in inducing use of the railway system was the severe traffic congestion existing in some parts of the area served which discouraged the use of automobiles and accordingly encouraged the use of the "El" system.

As to the future use of the system, we are of opinion that such will depend primarily upon the prevailing level of general prosperity and upon the success which is met in the efforts to prevent further decentralization of Boston by providing new and adequate public transit facilities with the beneficial effects to be expected therefrom upon the movement of street traffic generally.

FINANCIAL RESULTS OF OPERATIONS IN 1946

THE railway's income of \$39,082,107.70 in 1946 was made up as follows:—From transportation, \$37,996,894.88; from other operations, \$1,036,430.03; from non-operating income, \$48,782.79. The total income in 1946 was \$1,478,749.90 greater than in 1945.

The total operating expenses and fixed charges in 1946 were \$41,833,414.22, leaving a loss from operations of \$2,751,306.52 for that year. After deducting profit and loss items of \$1,864,683.98, the excess of the cost of service over income in 1946 was \$886,622.54. The balance of \$99,094.65 remaining in the reserve fund, as reported at the end of 1945, was applied to reduce the excess of cost of service over income for 1946, resulting in an assessable deficit of \$787,527.89 for the calendar year 1946, the first assessable deficit since 1941.

On January 6, 1947, the Supreme Judicial Court of Massachusetts rendered a decision confirming a prior decision of the Appellate Tax Board holding exempt from local taxation certain parcels of real estate in Boston which the railway company had taken by eminent domain and which were devoted to railway purposes.

Due to the promptness of the Court's decision which was handed down only a month after the argument of these cases, the abatements thereby granted were enabled to be reflected in the determination of the assessable deficit for 1946. Prior to the relief granted by this decision, the deficit was expected to amount to more than \$2,000,000. The taxes which were abated by this decision, together with the taxes for later years upon the same parcels involved in the decision and which would be governed thereby, totaled with interest to \$1,394,256.44, as of December 31, 1946, and reduced the assessable deficit by that amount. We wish to call attention to the fact that this adjustment is a non-recurring credit which will not be available in future years.

In addition to the above adjustment, there was a profit and loss credit of \$341,972.56, the esti-

mated claim for refund for prior years' Federal income taxes under the carry-back provision of the Internal Revenue Code, and several other profit and loss adjustments resulting in an additional net credit of \$359,379.38, all items largely of a non-recurring nature.

THE COST OF THE SERVICE

THE cost of the service of the railway consists of the operating expenses and of the fixed charges. In 1946, operating expenses totaled \$32,040,456.72. In 1945, operating expenses totaled \$28,604,544.07. There was, accordingly, an increase in operating expenses of \$3,435,912.65 in 1946. The fixed charges and miscellaneous items totaled \$9,792,957.50 in 1946, as compared to \$9,914,198.81 in 1945, a decrease of \$121,241.31. The total cost of the service in 1946 was \$3,314,671.34 higher than in 1945.

Operating Expenses

The increase of \$3,435,912.65 in operating expenses for 1946, as compared to 1945, was made up as follows:—

- \$2,546,975.37 increase in cost of wages
- \$455,933.91 increase in cost of material and other items
- \$309,899.92 increase in the charge for injuries and damages
- \$88,546.81 increase in the charge for depreciation
- \$34,556.64 increase in the cost of fuel

The cost of wages increased because more employees were needed as a result of the shorter work week and in order to operate the additional service; and because of higher wage rates. Higher prices accounted for the increase in costs in material and other items. The charge for injuries and damages was increased in order to provide an adequate reserve for the settlement of claims and suits and for the payment of damages. The charge

for depreciation was increased because of the replacement of fully depreciated equipment with new cars and buses.

Fixed Charges

Fixed charges and miscellaneous items were \$121,241.31 lower in 1946 than in 1945.

There was a decrease of \$235,026.27 in the tax on real estate and personal property in 1946. Of this reduction, \$230,924.40 was the amount represented by the real estate tax accrued in the cost of service in 1946 and excluded therefrom as a result of the decision of the Massachusetts Supreme Judicial Court holding tax exempt the property on which the taxes had been accrued, a subject already discussed under the caption "Financial Results of Operations in 1946." Miscellaneous tax accruals during 1946 increased by \$90,897.01.

There were no accruals in 1946 for Federal income tax because there was no Federal tax liability for that year.

The railway accrued \$2,836,184.35 in 1946 for subway and tunnel rentals payable to the City of Boston and to the Commonwealth of Massachusetts.

In 1946, the railway paid \$1,193,970 for dividends, an amount which must be paid annually under the terms of the Public Control Act.

During 1946, the interest charge on bonds was \$3,699,480.02, the same amount as in 1945.

RETIREMENT OF PUBLIC DEBT

THE sum of \$3,180,843.42 was made available in 1946 for the retirement of public debt from the payments of interest and for subway and rapid transit rentals made by the railway.

The sum was divided as follows:—

Boston Metropolitan District	
for retiring District bonds.....	\$2,380,118.77
City of Boston	
for retiring subway and rapid	
transit debt	690,904.65

Commonwealth of Massachusetts	
for retiring Cambridge subway	
debt	109,820.00
Total	<u>\$3,180,843.42</u>

In this connection we should like to point out that from funds provided by the railway's interest payments to the District, which payments are a part of the railway's cost of service, the District, from 1931 through 1946, retired \$21,225,000 of the \$77,343,000 principal amount of District bonds issued to acquire railway bonds. These District bonds were issued under authority of Special Acts of the Legislature in order to furnish funds to the railway for the purpose of retiring approximately \$22,500,000 par value of seven per cent. and eight per cent. preferred stock and of re-funding maturing bonds of the railway company as they became due. This policy of re-financing through the District has resulted not only in substantial savings in the railway's cost of service and thus to the taxpayers in the area served, but it has enabled the District already to retire \$21,225,000, or 27.4 per cent., of its bonds in the period from 1931 to 1946 and will enable the District, by July 1, 1959, to retire about \$32,500,000 more of these bonds, or about 69 per cent. of the District bonds now outstanding. Through this method of re-financing, if continued, the District will retire all of its bonded indebtedness while at the same time the railway company's obligation to the District will remain outstanding in the full amount.

We suggest that any discussion of deficits incurred by the railway since 1931, which are the deficits which the railway has not repaid, should also take into account the large financial interest which the District, through the use of its credit and at no expense to it, is acquiring in the railway. Any such discussion should also take into account the fact that additional millions have been and will continue to be provided as part of the railway's annual cost of service for the retirement of the debt incurred by the City of Boston and

by the Commonwealth of Massachusetts for construction of subways, tunnels, and rapid transit extensions.

As indicated by the table on page eight, \$3,180,843.42 of the railway's cost of service for 1946 was made available to retire public debt.

THE NEED FOR ADDITIONAL INCOME

THE increase in operating expenses during 1944, 1945 and 1946 outstripped the increase in income during these three years in progressively greater amounts.

The table at the bottom of this page shows the increase in income and in operating expenses during these three years. It indicates that whereas operating expenses increased by 18.37 per cent. in this three-year period, total income increased by only 4.33 per cent.

In each of these three years the excess of the cost of the service over income was as follows:

1944.....	\$393,020.27
1945.....	\$507,885.08
1946.....	\$886,622.54

The above figures bring out the simple fact that although the cost of furnishing the railway service greatly increased, the total amount received from

the operation of this service did not keep pace with the increased cost. And the vital factor causing this condition is evident: Up to the middle of December, 1946, the amount which the railway obtained for a ride remained the same, whereas during the last three years the cost of providing this ride increased greatly.

Because of this fact and of the practical certainty that the present high level of costs would continue for some time in the future, the trustees discontinued the five-cent charge for local rides and, on December 14, 1946, the regular ten-cent fare, with transfer privilege, became effective on all lines, except that the charge for pupils' tickets remained at five cents. This action was voted by the trustees in conformity with the Public Control Act (Special Acts of 1918, chap. 159, sec. 6) wherein the public trustees are required to fix such rates of fare as will reasonably insure sufficient income to meet the cost of the service.

From December 14, 1946 to January 24, 1947, a period of six weeks after the change became effective, the income of the railway increased by 8.13 per cent. as compared to the corresponding period a year earlier. Not sufficient time has elapsed since the effective date of this change, however, to forecast exactly the ultimate effect of the change on the income of the railway. We are confident that this change will result in a substantial increase in income, an increase which will tend

	1946	1945	1944	Percentage Increase, 1946 over 1944
Total Income	\$39,082,107.70	\$37,603,357.80	\$37,460,190.90	4.33
Operating Expenses:				
Wages	23,122,763.31	20,575,787.94	19,066,557.60	21.27
Materials and other items.....	3,895,838.14	3,439,904.23	3,352,159.27	16.22
Injuries and damages.....	1,454,828.38	1,144,918.46	1,039,772.34	39.92
Depreciation	1,808,816.64	1,720,269.83	1,875,555.31	3.56*
Fuel	1,750,220.25	1,723,663.61	1,734,207.47	1.38
Total Operating expenses.....	\$32,040,456.72	\$28,604,544.07	\$27,068,251.99	18.37
Ratio of Operating Expenses to Total Income.....	81.98	76.07	72.26	

* Denotes decrease

to offset increased costs of operation and one which will have, in our opinion, a beneficial effect upon the results of operations for the present calendar year, 1947.

SERIOUS FINANCIAL PROBLEM FACING THE "EL"

AT the present time a serious financial problem confronts the railway.

This problem arises from two factors. One, the non-payment by the Commonwealth of Massachusetts of deficits aggregating \$3,652,573.73 for the year ended March 31, 1941 and for the nine months ended December 31, 1941. Two, the railway's loss from operations of \$2,751,306.52 in 1946. After deducting therefrom \$1,864,683.98 for profit and loss credits, largely of a non-recurring nature, and after deducting the balance of \$99,094.65 in the reserve fund, the assessable deficit for 1946, as stated earlier in this report, was \$787,527.89.

The railway has been able to operate since 1942 without the payment of the \$3,652,573.73 due it in deficits because in 1942 and 1943 the railway operated at a profit sufficient not only to restore the \$1,000,000 reserve fund but also to enable the railway to pay \$1,529,805.92 to the cities and towns served for the 1943 Governor square extension rentals and for one-half of the rentals on that subway prior to 1943 and on account of past cost of service deficits. These two years were profitable years because income rising rapidly from a greatly increasing number of riders not only took care of fixed charges but also of the much lower level of operating expenses then existing. The increase in the cost of material, supplies and wages came at a much slower rate than did the increase in income.

During 1944 and 1945, conditions changed in two important respects. First, the full force of increasing wartime costs was reflected in the railway's expenses. Second, passenger traffic and in-

come remained at substantially the same level as in 1943.

The excess of the cost of the service over income in 1944 and 1945 was taken out of the reserve fund leaving a balance of \$99,094.65 in the reserve fund as of January 1, 1946. This balance was exhausted early in 1946. In fact, all but two of the months in 1946 showed an operating loss.

The necessity that some constructive measure be taken immediately to remedy the cash position of the railway is imperative. This railway, with a \$182,000,000 plant involving an annual cost of service of \$42,000,000 and serving one of the most important metropolitan areas in the United States during a period of extremely heavy riding, must at all times have available sufficient working capital to meet not only the day to day cash requirements but also the large fixed obligations recurring at stated intervals. A month, or several months, when the cost of the service exceeds income thereby reduces the amount of working capital. Payments for subway rentals, bond interest, quarterly dividends and taxes are not made monthly but become due from time to time in substantial sums.

In 1947, the railway company will be obligated to pay a total of over \$8,000,000 to the Boston Metropolitan District for interest on bonds of the railway company held by the District, to the City of Boston and to the Commonwealth of Massachusetts for subway rentals, to the cities and towns served for taxes on real estate, personal property and motor vehicles and to the State for miscellaneous taxes.

Already the payment of one obligation, namely, the 1946 local real estate taxes, was postponed. The trustees believe that their primary responsibility is to operate the railway service safely and without interruption. To do this, sufficient cash must be conserved to pay the expenses of operation, including the payroll, which has been and is now running at the rate of about \$500,000 weekly. Moreover, payments for material and equipment must be met in order to provide the railway service.

In an attempt to improve the railway's cash position, the trustees sought to borrow money for temporary use but were unable to do so because of the non-payment of the outstanding deficits.

In a further endeavor in this direction, the trustees petitioned the present Legislature that authority be granted to the Boston Metropolitan District whereby the District could loan money to the railway up to the amount of the unpaid deficits. That part of the annual report dealing with this recommendation, filed with the Legislature on December 4, 1946, is contained in this report as Appendix A under the heading "Legislation Needed to Enable Trustees to Meet Railway Obligations Pending Determination of Litigation."

Passage of this legislation would enable the railway to meet its obligations. We would like to point out, however, that legislation of this character would increase the cost of the service of the railway by the amount of the interest on any money borrowed by the District and loaned to the railway. We are of opinion that a better way to meet the present financial crisis of the railway is for the Commonwealth of Massachusetts to pay the outstanding deficits due since 1941 and the deficit incurred as a result of 1946 operations. In our opinion, there is no risk to the Commonwealth of Massachusetts or to those cities and towns served in this procedure, since the railway has assets in road and equipment with a book value of approximately \$110,000,000. It would seem that payment of the outstanding deficits could be made without prejudice, thus leaving the way open, when there is a final determination of the legal procedure, for adjustments, if any, that may be required by court decision.

The payment of the 1941 deficits at this time would not increase the taxes of the cities and towns in 1947 since the amount of these deficits, aggregating \$3,652,573.73, was raised by the cities and towns several years ago and has not been paid over to the State Treasurer pending the approval of the Governor and Council of a warrant authorizing the payment of the deficits.

Unless the deficits are paid or unless legislation is adopted whereby the railway can borrow money up to the amount of these deficits, payments of substantial obligations falling due in 1947, such as subway and tunnel rentals or interest on railway bonds held by the District, will have to be postponed.

During 1947, the total interest payments which will be due to the District upon railway bonds held by the District will amount to \$3,659,580.02. If, in 1947, the railway is unable to pay to the District any interest payments as they become due, then the trustees of the District would be required, under the terms of Chapter 383 of the Acts of 1929 creating the District, to borrow money by the issuance of temporary notes and to report to the State Treasurer the amount necessary to meet any such notes, including interest thereon. In turn, the State Treasurer would be required to apportion such amount among the cities and towns of the District in proportion to their property valuation and to collect the same as a part of the State tax.

To summarize—if relief is not afforded by the payment of the outstanding deficits or by legislation enabling the railway to borrow money up to the amount of these deficits, and the railway is therefore unable to pay the District any interest payments as they become due, then the cities and towns in the District will have to include in their tax levies an amount sufficient to meet the interest on railway bonds held by the District. Surely, any such procedure is not in the interest of the District or of the cities and towns comprising it. Pending the outcome of court litigation, which may last for years, we believe that the interest of the cities and towns is best served by the payment of deficits as contemplated by the provisions of the Public Control Act.*

With respect to the local real estate taxes of the railway amounting to \$683,890.15 in 1946, payment of which was postponed because of the railway's cash position, the cities and towns in the area served are fully protected because the railway is required to pay interest thereon at four per cent.

* See end of this section.

from October 1, 1946 until the taxes are paid. Moreover, the cities and towns have a lien upon the real estate of the railway which has a value of many millions of dollars. Because this lien did not extend to the railway's personal property, the railway paid its 1946 personal property taxes on December 31, 1946 to the cities and towns concerned, except that **only** one-half of the 1946 personal property tax was paid to the City of Boston pending hearing of a question of valuation before the proper authorities.

The trustees fully appreciate the obligation of the railway with respect to the payment of local real estate taxes and the amount of taxes due to each city and town will be paid with interest as soon as the cash position of the railway permits. The trustees wish to express their thanks to the public authorities and tax collectors concerned who showed an understanding of the condition which necessitated the postponement of the payment of the 1946 local real estate taxes.

**(Since the above was written, the railway was enabled to borrow \$3,000,000 on February 28, 1947, by virtue of the passage of Chapter 92 of the Acts of 1947, enacted on February 27, 1947.)*

RUSH-HOUR RIDING STILL HEAVY

DESPITE the increased mileage operated in 1946, overcrowding during rush hours continued. This overcrowding became serious with the abandonment of staggered hours of work and travel following the ending of the war. During 1946, there was an

even greater accentuation of rush-hour riding. The table below, based on passimeter readings, indicates this. It shows the number of passengers entering the downtown stations in the five to six o'clock evening hour on corresponding days during November and December of 1945 and 1946.

While riding continues as heavy as it is at present during the rush hours, we urge all those who can possibly do so to avoid these hours of travel.

Capacity of Surface Car Subway System Reached in Rush Hours

Operating more units than at present in the Tremont, Boylston and Huntington avenue subways would not alleviate present rush-hour conditions. The surface car subway system has been and is being operated at capacity during rush hours. As is known to users of this subway system, the movement of cars during the height of the rush hours is often slow. The schedules for the winter of 1946-1947 call for the operation of 97 units made up of 204 cars from 8:00 a.m. to 9:00 a.m. between Copley station and Boylston station, the section of the maximum use of the subway system. The operation of this number of units means a unit every 37 seconds. One can readily understand why any delay, however slight, whether at a station or in the subway, can quickly cause a backing up of cars and a slowing down of their movement through the subway.

The operation of three-car P.C.C. trains, started as a part of the regular schedules on September 16, 1946, not only reduced the total number of units operated in the subway system during rush hours

Day	Date	No. of Passengers	Day	Date	No. of Passengers
Friday	Nov. 1, 1946	70,101	Friday	Nov. 2, 1945	64,570
Friday	Nov. 8, 1946	69,812	Friday	Nov. 9, 1945	65,821
Friday	Nov. 15, 1946	70,854	Friday	Nov. 16, 1945	68,742
Friday	Nov. 22, 1946	69,298	Friday	Nov. 23, 1945	70,673
Friday	Nov. 29, 1946	74,586	Friday	Nov. 30, 1945	56,290
Wednesday	Dec. 4, 1946	69,956	Wednesday	Dec. 5, 1945	67,699
Friday	Dec. 6, 1946	71,501	Friday	Dec. 7, 1945	71,821
Friday	Dec. 13, 1946	72,309	Friday	Dec. 14, 1945	74,153
Friday	Dec. 20, 1946	73,943	Friday	Dec. 21, 1945	69,027
Friday	Dec. 27, 1946	70,304	Friday	Dec. 28, 1945	67,071

and thereby speeded up the passage of these units through the signal system but also provided for the operation of 25 per cent. more cars in the rush-hour period. A unit of three cars takes only slightly longer to go through a signal block than does a unit of two cars or a single car.

Need for Short Section of Subway

Substantial relief and a more efficient movement of cars through the surface car subway system can come only by the construction of a short piece of subway from the intersection of Hanover street and Washington street to the Park street station and by enlarging the platform at the Scollay square station and by making other changes. Reference was made to this need in our report for 1945.

The place of severest congestion in the subway system exists at the Scollay square station. Only three cars can be accommodated at one time at the northbound platform of this station. The three cars can consist of a single unit of three cars or of three single cars. Compare the condition at Scollay square station with that at Park street station. On the northbound rail there, seven cars can be accommodated. At the height of the rush hour, all of these cars discharge and load passengers and leave for a station which has a platform capacity of only three cars. In the period from 7:45 a.m. to 8:45 a.m., the schedules for the winter of 1946-1947 call for 71 units made up of 133 cars going northbound in the section of the subway from north of Boylston street station to Haymarket station. Because of the large number of cars being operated through this section of the subway in the rush hours, there follows a serious slowing down of the movement of cars due to the limited platform capacity at the Scollay square station. By reason of this condition, cars on the northbound track are often delayed in the rush hours as far back as the Arlington street station. The construction of the subway, recommended to the Legislature by the State Planning Board in House document No. 96 of 1947, and by the Metropolitan Transit Recess Commission in 1945,

would increase the capacity of the subway and greatly speed up service in both directions. This particular section of subway construction would fill immediate needs and serve the requirements of the future. We favor its construction on substantially the same terms contained in the legislation authorizing the extension of the East Boston tunnel to Orient Heights.

MANPOWER, EQUIPMENT, MATERIAL AND SUPPLIES MORE AVAILABLE DURING 1946

DURING 1946, several factors important in the operation of a large transportation system improved materially, but in a few respects difficulties continued. The manpower shortage was relieved by the return to the railway of former employees who had been in the armed services, and by others who sought employment. Delivery of some new equipment was made. The railway was able to obtain an adequate supply of heavy-duty tires and of lumber. At times during 1946, we were much concerned about the railway's supply of coal for power generation. Our fuel requirements during the year were met because during longer than two months we were able to use fuel oil instead of coal in two of the boilers at the South Boston power station. For the most part other materials and supplies were more readily available in 1946 than previously but shortages continued in some respects, notably in repair parts for buses, street cars and trackless trolleys. We are hopeful that the delivery situation with respect to these repair parts will improve in another six months.

The number of passenger vehicles delivered during 1946 and on order as of the end of the year is shown in the following table:—

	Passenger Equipment Delivered During 1946	Passenger Equipment Still On Order December 31, 1946
Buses	105	175
Trackless Trolleys	0	153
P.C.C. Cars	38	0

During 1947, deliveries of the 175 buses on order are expected as follows:—33 in the first quarter; 92 in the second quarter; and the balance of 50 in the third quarter.

We expect the delivery of 25 trackless trolleys in March, 1947, of 75 during the summer of 1948 and no delivery date has been set on the others.

During 1946, the railway had on order 12 automotive snow fighters of which one was delivered on November 12, 1946. Of the others, six are expected in March, 1947, and five in August, 1947.

EMPLOYEES

THE average number of employees in 1946 was 7,787, as compared with an average number of 7,088 in 1945. In larger part, the increase resulted from the necessary replenishment of the blue uniform force and from the addition to the bus and car cleaning force of 50 men who were engaged during 1946 in order to improve the appearance of the passenger vehicles, a work which perforce had been practically suspended during the war years due to lack of manpower.

Return of Veterans

During the year just ended, 426 veterans returned to the employ of the railway. Of the total number of 1,052 who entered the armed services from this railway, 922, or about 88 per cent., had returned to the railway as of the end of 1946. Of those who had not returned, 33 were still in the armed services, 73 had not sought re-employment and, as stated in our annual report for 1945, there were 24 former employees who died in the armed services of their country. A permanent bronze plaque has been erected in their memory in the executive offices of the railway on the seventh floor of the Park Square Building, Boston.

“Merit Plan” Examinations

The railway conducted several examinations during 1946 under the “merit plan” system de-

veloped over the years for the selection of operators and for promotions to supervisory positions. During 1946, “merit plan” examinations were held for extra towermen, rapid transit lines; extra starters, rapid transit lines; extra starters, surface lines; collectors, rapid transit lines; and three examinations for operators.

The examinations for the positions of operators, taken by 658 men, resulted in the establishment of lists of 413 men from which men have been or will be taken in order of ranking and given an opportunity to qualify for the operators’ positions as vacancies occur. The men on these lists are expected to take care of the railway’s requirements for operators for many months in the future.

Union Agreements and Arbitrations in 1946

In 1946, the railway negotiated an agreement with Division 589 of the Amalgamated Association of Street, Electric Railway and Motor Coach Employees of America. This agreement covers the period from July 1, 1946 to July 1, 1947 and continues in effect from year to year thereafter unless changed by agreement or arbitration after either party gives the other notice of a desire for changes 60 days prior to the end of the contract year. Of the 7,751 employees on the weekly payroll as of the end of 1946, there were 5,150 included under the terms of this agreement.

As of the end of 1946, there were 1,437 employees of the railway under the jurisdiction of the craft unions. These craft unions, numbering 26, include, among others, such crafts as the blacksmiths, carpenters, wiremen, linemen, firemen, oilers, machinists and painters. Of these 26 craft unions, 14 are in the building trades’ group, who are affiliated with the Building and Construction Trades Council of the Metropolitan District. The railway negotiated a single agreement in 1945 covering 12 of these building trades’ craft unions and in 1946 the railway completed negotiations

with the other two unions, so that at the present time all 14 building trades' craft unions are covered by this single agreement.

The railway negotiated new agreements with all of those unions whose contracts were re-opened during 1946, except with two unions, namely, the International Brotherhood of Electrical Workers, Local 104, and the International Union of Operating Engineers, Local 849, in which cases the matters in dispute were determined by arbitration, as is provided by the terms of such agreements.

INCREASE IN VOLUME OF CHARTERED BUS BUSINESS DURING 1946

FOR the first time since 1941, the operation of chartered buses was resumed on a more normal basis during 1946. During the year just ended, the railway accepted all orders for this character of bus service, except orders for buses which would have had to be operated in any rush hour.

The following table compares the chartered bus business done during 1946 and 1945:—

	Orders	Buses	Mileage	Revenue
1946	4,516	6,027	156,612	\$112,421.44
1945	6,128	7,982	142,207	\$82,448.82

Although more orders were placed and more buses were operated in 1945 than in 1946, the majority of the orders in 1945 were for short hauls to transport Army and Navy personnel and defense workers, whereas the great majority of the buses operated in 1946 were for outings and the average trip mileage was longer than in 1945. Because of increases in the costs of labor and maintenance, the chartered bus tariff was revised upward, effective on September 3, 1946.

CHANGES IN SERVICE

THE most important change in service which took place in 1946 was the conversion on December 7 to trackless trolley operation of the car line running between the Clarendon Hill carhouse and the Sullivan square station, via Broadway. This changeover, which involved construction changes at the Sullivan square station and at the Clarendon Hill carhouse, was accomplished smoothly.

Other changes during 1946 were:—

The institution of early morning bus service between Woodlawn and City square, via Chelsea square, over the same route as the daytime route.

The institution of bus service between the intersection of Hemenway and Forsyth streets to Massachusetts station, via Hemenway street. This new service has been lightly patronized and is now confined to a relatively few trips during the morning and afternoon rush hours on weekdays, excluding Saturday.

The following bus service, which had been discontinued during the war because of the rubber shortage, was restored during 1946:—

Between Harvard square and Massachusetts station, via Massachusetts avenue, during normal hours of the day and during the evening hours on weekdays and all day on Sunday. Street car service is operated during the rush hours on weekdays.

Between Salem street carhouse and Sullivan square station, via Winter Hill, during normal hours of the day and during the evening hours on weekdays and all day on Sunday. Street car service is operated on this line during rush hours on weekdays.

On Highland street, Jamaica road and Pond street, the outer end of the line operating between Kenmore station and Cypress street.

On July 28, the Eastern Massachusetts Street Railway Company started operation of buses between Stoneham and the Sullivan square station, running express between Elm street, Medford, and the Sullivan square station. In connection with this change, the car line of the Boston Elevated Railway, which had been operated between the Sullivan square station and Spot Pond, was terminated at Elm street.

Service Changes in Prospect

During the spring or early summer of 1947, depending upon when trackless trolleys now on order are received, trackless trolleys will be substituted for street cars on the line operating between the Salem street carhouse and the Sullivan square station, via Winter Hill.

Progress was made during 1946 in the development of plans for the substitution of trackless trolley service for car service on lines in the Dorchester and Roxbury area. The conversion to trackless trolley operation of some of these lines will probably take place in the fall of 1948 and of the others in 1949. Involved in an extensive change-over of this character are the obtaining of many authorizations from public bodies, major construction changes at some of the stations concerned and a co-ordination in the deliveries of the various kinds of material and of the equipment needed.

PLANT ALTERATIONS AND IMPROVEMENTS

THE following plant changes and alterations were made during 1946:—

Construction of a roadway at the upper level of the Sullivan square station and paved areas at the Clarendon Hill and the Salem street carhouses and installation of poles and overhead trolley wires in connection with the substitu-

tion of trackless trolley service for street car service on the Clarendon Hill carhouse-Sullivan square station line and the imminent substitution of the trackless trolley service for street car service on the Salem street carhouse-Sullivan square station line.

Repair of piers supporting the elevated structure over Mystic river.

Construction of a busway at Massachusetts avenue and Day street, Cambridge.

Extension of the loud speaker system to include both levels at the Park street station, the Summer-Winter-Washington station and the Scollay square station.

Conversion of two of the boilers at the South Boston power station to the use of either coal or fuel oil, whichever is more economical or more available.

Plant Changes in Prospect

Various plant changes are being planned, as follows:—

Installation of poles and overhead trolley wires and changes at several stations in connection with the substitution of trackless trolley service for car service on lines in the Roxbury-Dorchester area.

Alterations to the Clarendon Hill carhouse for the purpose of completely adapting it to the maintenance of trackless trolleys.

Additions to the Fellsway garage to provide capacity for 50 more buses and to the Albany street garage to provide capacity for 50 more buses or trucks.

Conversion of two more boilers at the South Boston power station to the use of fuel oil or coal, whichever is more economical or more available.

LEGAL PROCEEDINGS RELATIVE TO THE UNPAID DEFICITS

WITH respect to the various legal proceedings relative to the deficits aggregating \$3,652,573.73 for the year ended March 31, 1941 and for the nine months ended December 31, 1941, which remain unpaid by the Commonwealth, the following developments occurred during 1946.

On June 3, 1946, the Supreme Judicial Court of Massachusetts rendered its decision affirming the action of the Superior Court in dismissing a bill in equity which had been brought by certain taxpayers to restrain payment of these deficits.

In the proceedings brought by the Attorney General for a declaratory judgment with reference to past accounting practices, a decision was handed down by the Supreme Judicial Court of Massachusetts on June 3, 1946 overruling demurrer filed by the company by authorization of its Board of Directors. This case has been assigned for trial on the facts in April, 1947.

Since August, 1946, independent public accountants, engaged by the Attorney General in connection with his preparation for trial of the case, have been making an extensive investigation of the books and accounts of the railway company for the entire period of public control and for some time prior thereto, and, more recently, outside engineers have been supplementing this study by an inspection of the physical properties of the railway.

The petition brought by the company against the Commonwealth to secure a judicial determination of the validity of the deficits in question and seeking to recover the same, which is now pending in the Superior Court, has been set down for hearing at the same time as the Attorney General's proceedings.

AUDIT OF THE RAILWAY'S ACCOUNTS BY THE STATE AUDITOR

IN addition to the investigation by the Attorney General, referred to above, the Department of the State Auditor, acting under authority of Chapter 589 of the Acts of 1946, began its audit of the accounts of the railway company on October 7, 1946.

PENDING PROCEEDINGS RELATIVE TO LOCAL TAX ABATEMENTS

DURING the period from 1941 to 1946, the assessed valuation of the railway's real and personal property in some of the cities and towns served was greatly increased. In 1941, the total assessed valuations of the railway's real and personal property were \$21,425,820, whereas in 1946 they were \$33,050,275.

The effect of the increases in assessed valuations and of changes in tax rates was to increase the amount of local taxes assessed against the railway from \$841,901.32 in 1941 to \$1,331,994.12 in 1946, an increase of \$490,092.80, or 58 per cent.

Because the railway believed many of these assessments were excessive, it filed petitions which are still pending with the local boards of assessors and with the Appellate Tax Board for abatement of these taxes.

Petitions are also pending before the same authorities for abatement of taxes on other properties which the railway believed to be tax exempt by virtue of its right to acquire the same by eminent domain.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' CERTIFICATE

APPENDED to this report are financial statements of the railway for the year 1946, accompanied by auditors' certificate of Lybrand, Ross Bros. & Montgomery, independent public accountants, with respect to the balance sheet at December 31, 1946, and related statements of income and the cost of the service and of current surplus for the fiscal year then ended.

SUMMARY

THE income of the railway in 1946 was \$39,082,107.70. Total operating expenses and fixed charges amounted to \$41,833,414.22, resulting in a loss from operations of \$2,751,306.52. After deducting profit and loss items of \$1,864,683.98, there was an excess of \$886,622.54 in the cost of the service over income for 1946. The balance of \$99,094.65 in the reserve fund as of December 31, 1945 was applied to this excess, leaving \$787,527.89 as the assessable deficit for 1946, the first assessable deficit since 1941.

The decision of the Supreme Judicial Court of Massachusetts, rendered on January 6, 1947, had the effect of reducing by \$1,394,256.44 the assessable deficit for 1946. This decision held exempt from local taxation certain parcels of real estate in Boston which the railway company had taken by eminent domain and which were devoted to railway purposes. Prior to the decision of the Court, the deficit for the calendar year 1946 had been estimated at more than \$2,000,000.

The years 1942 and 1943 were profitable years because income increased at a much more rapid pace than did expenses. In those two years not only was the railway able to restore the \$1,000,000 reserve fund but it was able to pay back \$1,529,805.92 to the cities and towns served

for the 1943 Governor square extension rentals and for one-half of the rentals on that subway prior to 1943 and on account of past cost of service deficits. In 1944, the tide turned. In that year, and since, expenses have progressively risen at a faster rate than income. As a result of operations in 1944 and 1945, the reserve fund of \$1,000,000 was all but depleted and in 1946 not only was the balance of \$99,094.65 in this reserve fund exhausted but there was an assessable deficit of \$787,527.89, in spite of deductions of \$1,864,683.98 for profit and loss items which are largely of a non-recurring nature.

The non-payment by the Commonwealth of Massachusetts of deficits aggregating \$3,652,573.73, outstanding since 1941, and the loss of \$2,751,306.52 from operations in 1946, have created a serious financial problem not only for the railway but also for the cities and towns served, a subject which is fully discussed from page ten to page twelve in this report. As a consequence of the depletion of cash and of the impairment of its credit by the withholding of payment of deficits, the railway was forced to postpone the payment of its 1946 local real estate taxes.

If this same condition continues during 1947, the railway will be unable to meet other obligations as they become due. For the reasons stated in the body of the report, we believe that the best solution of this financial crisis, both from the viewpoint of the interests of the cities and towns served and of the railway, is to pay the outstanding deficits, as contemplated by the provisions of the Public Control Act.

Because of the imperative need for additional income, the five-cent charge for local rides was discontinued and on December 14, 1946 the regular ten-cent fare, with transfer privilege, became effective on all lines, except that the charge for pupils' tickets remained at five cents. This

action was in conformity with the Public Control Act, wherein the public trustees are required to fix such rates of fare as will reasonably insure sufficient income to meet the cost of the service. The change will help meet increased costs and, we believe, will have a beneficial effect upon the results of operations in 1947.

With respect to manpower, equipment, material and supplies, the conditions were considerably improved during 1946, as compared to the conditions which prevailed during the war and immediate postwar period. The return to the railway's ranks of former employees who had been in the armed services eased the manpower shortage. Some needed equipment, long on order, was delivered. Generally speaking, supplies and material were more available. One important source of difficulty, namely, the slow deliveries of repair parts for buses, streets cars and trackless trolleys, should be improved within the next six months.

During 1946, the major change in the transportation service was the substitution of trackless trolley service for street car service on the line being operated between the Sullivan square station and the Clarendon Hill carhouse, via Broadway. Within a few months a similar conversion will be made on the car line being operated between the Salem street carhouse and the Sullivan square station, via Winter Hill. The change-over to trackless trolley operation on these two lines required construction changes at the Sullivan square station and at the Clarendon Hill and Salem street carhouses.

Development of plans for making other improvements of like character, notably, the substitution of trackless trolley service for car service on lines in the Roxbury-Dorchester area, went for-

ward during 1946. With the return of conditions to more nearly normal, making possible a better co-ordination of all elements involved in such an extensive conversion, the substitution of trackless trolley service in this area should take place on some lines in 1948 and on others in the following year.

The most satisfactory phase of 1946 operations was the continued extensive use of the railway service, a use which established a new all-time high in the number of revenue passengers carried.

For their co-operation during 1946, we extend our sincere thanks to the riding public and to our employees and we earnestly solicit their continued co-operation, a vital factor, with our efforts to provide better transportation facilities in the area served.

BOARD OF PUBLIC TRUSTEES,
BOSTON ELEVATED RAILWAY COMPANY.

Edward E. Whiting
Chairman
Henry J. Smith
Secretary
Ernest A. Johnson
William P. Joy
Patrick J. Walsh

January 30, 1947

APPENDIX A — LEGISLATION NEEDED TO ENABLE TRUSTEES TO MEET RAILWAY OBLIGATIONS PENDING DETERMINATION OF LITIGATION

FOR longer than five years deficits aggregating \$3,652,573.73 which we reported to the Treasurer and Receiver General of the Commonwealth for the year ended March 31, 1941, and for the nine months ended December 31, 1941, have remained unpaid. The payment of these deficits has been delayed due to the pendency of legal proceedings, authorized by chapter 89 of the Resolves of 1941, and seeking a determination of the validity of past accounting practices of the Trustees.

This resolve was adopted following a report of the Boston Finance Commission, and a subsequent message sent to the Legislature by His Excellency Leverett Saltonstall (House No. 2627 of 1941) in which, among other things, His Excellency made the following statement: "Obviously, if these deficits incurred are not reimbursed to the public trustees within a reasonable time, then the public trustees are not going to have sufficient funds on hand to pay the wages of the employees and to maintain the transportation service which they are required to do."

At that time the public trustees, although denying the validity of the Boston Finance Commission's allegations, expressed the desire that in the public interest all legal questions involving the accuracy of the determination of past deficits be speedily adjudicated to the end that the much publicized question of their accounting practices be settled once and for all. In spite of the trustees' efforts to that end, a speedy adjudication has not been possible.

Following the passage of the resolve, the Attorney General filed an Information in Equity on January 26, 1942, seeking a judicial determination of the questions raised by the Boston Finance Commission's report of 1941. To this Information the trustees filed an answer, and the railway

company, by authorization of its private board of directors, filed a demurrer. The case was argued on this demurrer in November, 1942. In June, 1944, the Superior Court rendered its decision. The Court then reported its decision to the Full Bench of the Supreme Judicial Court before which a hearing was held in December, 1944, and the Supreme Court's decision was handed down in June, 1946. This case, together with an accompanying petition brought by the company to secure a judicial determination of the validity of the deficits in question and seeking to recover the same, are now scheduled for hearing on the merits in April, 1947. A conservative estimate of the time required to complete these cases is two years.

In spite of non-payment of these deficits, the railway company did not become short of funds between 1941 and 1946 because riding on the railway increased sharply, due to war activity and consequent restrictions on the use of private automobiles. As a result the railway company was enabled during the years 1942 and 1943 not only to meet its cost of service, but to restore its Reserve Fund of \$1,000,000 and pay to the cities and towns served \$1,529,805.92 for the then current and one-half the previous Governor Square Extension rentals and on account of past deficits. In 1944 and 1945, however, due to the ever-increasing cost of wages and materials, although no assessable deficit was incurred, it became necessary to use all but \$99,094.65 of the Reserve Fund restored as a result of the operations in 1942 and 1943. This amount was exhausted early in 1946, and an assessable deficit will occur as a result of operations for this year.

Since the end of the war the need for replacement of buses and other equipment which could not be replaced during the war period, and of making repairs postponed during that period,

became imperative. In addition, there were further substantial increases in wage costs and material costs. This caused a great drain on the cash reserves of the railway company. As a result, the cash position of the company is being seriously imperiled. This would not be the case if the cash represented by unpaid deficits were in the railway company's treasury.

Under the terms of the Public Control Act, pending payment of any deficits, the duty of the trustees is to borrow such amounts of money as may be necessary to enable them to make all payments as they become due. Because of the pending litigation with respect to unpaid deficits, the trustees might well encounter difficulty in borrowing the necessary money to meet these payments or be charged a high rate of interest which would further increase the cost of service.

Apart from the employees, with a pay roll of approximately \$23,000,000 annually; the Boston Metropolitan District, the cities and towns served, and the Commonwealth have the greatest interest in the railway company making its payments when they become due.

In the year 1947 the railway company will be obligated to pay a total of over \$8,000,000 to the Boston Metropolitan District for interest on bonds of the railway company held by the District, to the City of Boston and the Commonwealth for subway rentals, to the cities and towns served for taxes on real estate, personal property and motor vehicles, and to the State for miscellaneous taxes. This total of \$8,000,000 in payments to the District, to municipalities served, and the Commonwealth will be divided as follows: about

\$3,660,000 will be payable to the Boston Metropolitan District for interest on the \$75,630,917 principal amount of bonds of the railroad company held by the District, which interest will be used by the District to pay interest on its outstanding bonds in the hands of the public and for payment of its maturing serial bonds; about \$2,830,000 will be payable to the city of Boston and the Commonwealth for subway rentals, which rentals are used for the payment of interest on subway bonds outstanding in the hands of the public and to increase the sinking fund for payment of such outstanding bonds; about \$1,360,000 will be payable to the cities and towns served for taxes on real estate, personal property and motor vehicles of the railway company located therein; and about \$190,000 will be payable to the State for state gasoline, motor vehicle registration and license taxes.

Failure on the part of the railway company to make these payments when they become due would result in serious consequences.

Under the circumstances above outlined, the public interest is jeopardized by the trustees being placed in a position where they will be unable to meet the obligation imposed upon them by law of meeting all payments when they become due. Consequently, we recommend that legislation be enacted to authorize the Boston Metropolitan District to purchase notes of the railway company issued to procure funds to pay its obligations as they become due, or that other legislation be adopted to enable the trustees to meet the obligations of the railway company as they become due.

FINANCIAL STATEMENTS
AND
STATISTICS

Lybrand, Ross Bros & Montgomery

BOSTON, MASSACHUSETTS

To the Board of Public Trustees of
Boston Elevated Railway Company,
Boston, Massachusetts.

We have examined the balance sheet of Boston Elevated Railway Company as of December 31, 1946, and the accompanying statements of income and the cost of the service and of current surplus or deficiency of income for the year then ended, have reviewed the system of internal control and the accounting procedures of the company and have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included examination in detail of such portion of the transactions as we deemed appropriate and other procedures which we considered necessary. No limitation as to the scope of our examination was placed upon us by the Board of Public Trustees or officials of the company.

In our opinion, the provision for depreciation of road and equipment in the year 1946 charged to the cost of the service as shown in the accompanying schedule of operating expense accounts is fair and reasonable, but the reserve for depreciation of property and for obsolescence and losses in respect to property sold, destroyed or abandoned, appearing in the accompanying balance sheet, is inadequate.

Reference is made to notes A and B to the financial statements regarding liability for taxes at December 31, 1946. Because of open questions materially affecting determination of such taxes we are unable to reach any opinion at this time with respect to the provisions for accrued taxes included under current liabilities in the balance sheet at December 31, 1946.

In our opinion, subject to the comments in the preceding two paragraphs, the accompanying balance sheet and related statements of income and the cost of the service and of current surplus or deficiency of income present fairly the position of Boston Elevated Railway Company at December 31, 1946, and the results of its operations under public control for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Boston, Massachusetts
January 29, 1947

Lybrand, Ross Bros & Montgomery

BALANCE

ASSETS

	December 31	
	1946	1945
Fixed assets:		
Road and equipment:		
Way and structures	\$ 56,210,018.92	\$ 55,767,436.12
Equipment	36,916,265.15	36,291,984.09
Power	15,647,340.74	15,630,444.90
General and miscellaneous	1,972,706.91	1,971,931.11
Unfinished construction	164,796.18	57,632.42
Total road and equipment	110,911,127.90	109,719,428.64
Miscellaneous physical property	224,585.84	240,913.78
Advances for road and equipment on leased roads— Eastern Massachusetts Street Railway Company..	231,530.98	231,530.98
Total fixed assets	111,367,244.72	110,191,873.40
Current assets:		
Cash in banks and on hand	2,591,818.88	2,044,782.13
Special deposits	593,402.34	610,895.00
Miscellaneous accounts and rents receivable ...	205,032.47	143,825.97
Material and supplies	3,214,648.22	2,747,652.04
Other current assets	47,780.00	42,680.00
Total current assets	6,652,681.91	5,589,835.14
Other investments:		
United States bonds less amount allocated to reserve fund	—	3,300,905.35
Mortgage notes receivable	81,350.00	97,000.00
Total other investments	81,350.00	3,397,905.35
Reserve fund (under provisions of public control act):		
United States bonds allocated to reserve fund	—	99,094.65
Deferred charges and unadjusted debits:		
Prepaid expenses	278,288.00	32,582.00
Unamortized discount and expenses on bonds	1,298,993.63	1,383,414.71
Real estate tax abatement claims (note B)	1,163,332.04	—
Estimated refund of prior years federal income taxes resulting from carry-back of 1945 and 1946 losses (note A)	591,972.56	250,000.00
Other unadjusted debits	157,349.05	140,711.26
Total deferred charges and unadjusted debits	3,489,935.28	1,806,707.97
TOTAL ASSETS	\$121,591,211.91	\$121,085,416.51

For Balance Sheet notes see pages 29 and 30.

SHEET

LIABILITIES

	December 31	
	1946	1945
Funded debt (per accompanying schedule, page 31):		
Bonds held by Boston Metropolitan District	\$ 75,630,917.00	\$ 75,630,917.00
Bonds held by others, due in 1947	570,000.00	570,000.00
Total funded debt	76,200,917.00	76,200,917.00
Current liabilities:		
Accounts and wages payable	1,562,255.56	1,322,387.53
Accrued interest, dividends and rents payable	1,382,952.53	1,361,640.30
Accrued taxes:		
Provision for federal income taxes (note A)	1,812,377.44	1,812,377.44
Provision for property taxes (Note B)	1,071,267.03	196,562.50
Other taxes	154,264.33	128,218.80
Unredeemed tickets	76,169.57	102,877.99
Other current liabilities	310,404.37	327,606.49
Total current liabilities, exclusive of bonds due in 1947 shown above	6,369,690.83	5,251,671.05
Reserve for depreciation of property and for obsolescence and losses in respect to property sold, destroyed or abandoned	17,129,207.94	17,036,950.92
Reserve for injuries and damages	1,069,328.64	885,800.68
Unadjusted credits	116,173.92	117,560.74
Capital stock (per accompanying schedule, page 31):		
Common stock (238,794 shares of \$100.00 par value each)	23,879,400.00	23,879,400.00
Premium on common stock	2,707,428.13	2,707,428.13
Total common stock and premium	26,586,828.13	26,586,828.13
Profit and loss and surplus accounts:		
Deficit prior to July 1, 1918	12,127.83*	12,127.83*
Deficit year ended June 30, 1931	1,969,473.12*	1,969,473.12*
Cost of service deficit (note C):		
Year ended March 31, 1941	2,341,167.29*	2,341,167.29*
Nine months ended December 31, 1941	1,311,406.44*	1,311,406.44*
Current surplus or deficiency of income per accom- panying statement:		
Surplus December 31, 1945	—	99,094.65
Deficiency December 31, 1946	787,527.89*	—
Surplus arising from consolidation with West End Street Railway Co. June 10, 1922 and reorganiza- tion July 1, 1931	540,768.02	540,768.02
Total profit and loss and surplus accounts (debit)	5,880,934.55*	4,994,312.01*
TOTAL LIABILITIES	\$121,591,211.91	\$121,085,416.51

* Denotes debit balance

STATEMENT OF INCOME AND THE COST OF THE SERVICE

Year Ended December 31, 1946

(As defined in Section 6, Chapter 159, Special Acts, 1918)

Operating revenue:

Passenger revenue	\$37,881,797.44	
Special car and special bus revenue	115,097.44	
Total revenue from transportation		\$37,996,894.88
Station and car privileges	962,361.29	
Rent of buildings and other property	63,887.53	
Power sales	9,365.47	
Other operating revenue	815.74	
Total revenue from other operations		1,036,430.03
Total operating revenue		<u>39,033,324.91</u>

Non-operating income	48,782.79
Total income	<u>39,082,107.70</u>

Operating expenses:

Way and structures	4,800,871.63	
Equipment	4,428,942.79	
Power	2,827,494.61	
Conducting transportation	15,483,401.10	
Traffic	65,279.92	
General and miscellaneous	4,434,466.67	
Total operating expenses (including depreciation \$1,808,816.64)		32,040,456.72
Income before taxes and other deductions		<u>7,041,650.98</u>

Taxes assignable to operations (notes A and B)	1,902,923.41
Income before other deductions	<u>5,138,727.57</u>

Other deductions from income:

Interest on funded debt	3,699,480.02	
Amortization of discount on funded debt	84,421.08	
Subway and rapid transit line rental	2,836,184.35	
Dividends (required by law)	1,193,970.00	
Rent for leased roads	45,090.22	
Other deductions	30,888.42	
Total other deductions from income		<u>7,890,034.09</u>

Loss resulting from operations	2,751,306.52
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Profit and loss items:

Real estate tax abatement claims (note B)	1,163,332.04	
Estimated refund of prior years federal income taxes under carry-back provision of the internal revenue code (note A)	341,972.56	
Net profit on sale of government securities	64,096.88	
Other credits	295,282.50	
		<u>1,864,683.98</u>

Excess of the cost of the Service over income for the year....	<u>\$ 886,622.54</u>
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For notes to this Statement, see pages 29 and 30.

NOTES TO BALANCE SHEET AND TO STATEMENT OF INCOME AND THE COST OF THE SERVICE

Note A—Federal Income Taxes:

The Treasury Department has proposed assessment of additional federal income taxes against the company for the years 1939 through 1943. Assessment of these additional taxes has been protested by the company and the liability has not been finally determined. The provision of \$1,812,377.44 appearing in the balance sheet at December 31, 1946 is believed to be reasonably adequate to cover the company's liability for federal income taxes accrued to that date.

It is believed that no federal income tax liability has been incurred for the year ended December 31, 1946 and that as a result of losses incurred and other deductions allowable for federal income tax purposes, the company will be entitled under the carry-back provisions of the Internal Revenue Code to a refund of prior years taxes as shown in the accompanying financial statements.

Note B—Local Property Taxes:

On January 6, 1947, the Massachusetts Supreme Judicial Court rendered a decision confirming prior decision of the Appellate Tax Board holding exempt from local taxation certain parcels of real estate in Boston which the Railway Company had taken by eminent domain and devoted to Railway purposes. Claims for abatement of prior year taxes, aggregating \$1,163,332.04 with interest to December 31, 1946, on parcels covered by this decision have been included as an asset in the accompanying balance sheet at December 31, 1946 and applied to reduce the cost of the service for the year 1946.

Claims for abatement of other local property taxes for the years 1939 through 1946 have been filed by the company, and are now before boards of assessors and the Appellate Tax Board. Pending settlement of these claims the total amounts assessed have been paid or included in accrued taxes and charged to the cost of the service.

Note C—Advances by the Commonwealth under Public Control Act:

Amounts advanced by the Commonwealth of Massachusetts to the Boston Elevated Railway Company for deficits in the cost of service (July 1, 1931 to March 31, 1940), less amount repaid to the Commonwealth out of income of the year 1943, totaled \$18,462,661.63 December 31, 1946. The company will be obligated to make repayments to the Commonwealth on account of this sum when, as of December 31 in any year, the amount in the Reserve Fund over \$1,000,000 is more than sufficient to pay rentals on the Governor Square Extension of the Boylston Street Subway.

Proceedings instituted by the Attorney-General under authority of Legislative Resolve in 1941 for the purpose of determining the propriety of the methods used by the Trustees in determining deficits under terms of the Public Control Act are still pending. Suit was brought in 1944 against the Commonwealth to recover the amount of the deficits certified to the Treasurer and

Receiver-General by the Trustees for the twelve months ended March 31, 1941 and for the nine months ended December 31, 1941 in the amounts of \$2,341,167.29 and \$1,311,406.44, respectively, payment of which has been withheld by the Commonwealth. Trial of this suit has been set down for hearing at the same time as the proceedings instituted by the Attorney-General.

STATEMENT OF CURRENT SURPLUS OR DEFICIENCY OF INCOME

Year Ended December 31, 1946

Excess of the cost of the service over income for the year per accompanying statement	\$886,622.54
Current surplus January 1, 1946—excess of income over the cost of the service since December 31, 1941 less \$1,529,805.92 payments therefrom to the City of Boston and the Commonwealth in 1944.....	99,094.65
Deficiency of income December 31, 1946.....	<u>\$787,527.89</u>

CAPITAL OUTSTANDING, DECEMBER 31, 1946

OUTSTANDING COMMON STOCK

No. Shares Outstanding	Par Value Shares Outstanding	Net Premium	Amount Realized	5% Annual Dividend
5,000	\$ 500,000.00	—	\$ 500,000.00	
95,000	9,500,000.00	—	9,500,000.00	
33,000	3,300,000.00	\$1,815,000.00	5,115,000.00	
66,500	6,650,000.00	695,958.13	7,345,958.13	
39,294	3,929,400.00	196,470.00	4,125,870.00	
<u>238,794</u>	<u>\$23,879,400.00</u>	<u>\$2,707,428.13</u>	<u>\$26,586,828.13</u>	<u>\$1,193,970.00</u>

OUTSTANDING FUNDED DEBT

Par Value	Rate	Maturity	Amount Realized	Annual Interest
\$ 570,000.00 [#]	7 %	Sept. 1, 1947	\$ 570,399.00	\$ 39,900.00
1,581,000.00	4½ %	Aug. 1, 1949	1,503,309.66	71,145.00
6,309,000.00	5 %	Jan. 1, 1960	6,169,571.10	315,450.00
8,500,000.00	5 %	Mar. 1, 1960	8,569,615.00	425,000.00
7,711,000.00	4½ %	Dec. 15, 1960	7,524,779.35	346,995.00
3,815,000.00	4½ %	June 1, 1961	3,778,757.50	171,675.00
2,098,000.00	4¼ %	Jan. 1, 1962	2,084,404.96	89,165.00
4,800,000.00	4¾ %	Oct. 1, 1962	4,699,579.20	228,000.00
5,000,000.00	3¼ %	Nov. 1, 1966	4,875,500.00	162,500.00
8,286,000.00	3¼ %	Oct. 15, 1967	7,729,843.68	269,295.00
2,600,000.00	3¼ %	Mar. 1, 1969	2,597,894.00	84,500.00
1,500,000.00	6 %	* * *	1,500,000.00	90,000.00
23,430,917.00	6 %	* * *	23,430,917.00	1,405,855.02
<u>\$76,200,917.00</u>			<u>\$75,034,570.45</u>	<u>\$3,699,480.02</u>

[#] West End Street Railway Company Bonds. All other bonds are held by Boston Metropolitan District and total \$75,630,917.00 or 99.3%.

OPERATING EXPENSE ACCOUNTS

	<u>Years Ended December 31</u>	
	<u>1946</u>	<u>1945</u>
Way and Structures:		
Superintendence of way and structures	\$ 463,282.61	\$ 420,662.86
Maintenance of track and roadway	2,020,696.27	1,621,702.39
Removal of snow and ice	376,039.32	627,425.99
Tunnels and subways	36,267.74	30,554.22
Elevated structures and foundations	87,023.15	87,118.54
Bridges, trestles and culverts	55,493.38	11,296.02
Crossings, fences and signs	16,611.26	12,521.30
Signals and interlocking apparatus	54,978.03	49,244.83
Communication systems	9,854.85	11,595.94
Other miscellaneous way expenses	135,801.21	116,639.67
Maintenance of electric line equipment	337,876.59	323,922.36
Maintenance of buildings, fixtures and grounds	690,347.22	629,555.14
Depreciation of way and structures	516,600.00	513,000.00
Total way and structures	<u>4,800,871.63</u>	<u>4,455,239.26</u>
Equipment:		
Superintendence of equipment	141,469.87	129,550.45
Maintenance of revenue equipment	1,846,348.90	1,611,702.81
Maintenance of rail service equipment	33,713.42	36,360.81
Elec. equip. maint. of revenue equipment	608,000.90	621,228.49
Shop equipment	66,870.26	59,690.39
Shop expenses	451,689.86	429,618.40
Maintenance of automotive and misc. equipment	139,832.94	109,517.80
Depreciation of equipment	592,200.00	478,800.00
Depreciation of buses & trackless trolleys	548,816.64	580,269.83
Total equipment	<u>4,428,942.79</u>	<u>4,056,738.98</u>
Power:		
Superintendence of power	141,000.16	132,346.72
Maintenance of power plant bldgs. & equipment	296,425.52	253,059.44
Depreciation of power plant bldgs. & equipment	151,200.00	148,200.00
Operation of power plants	1,868,092.60	1,752,658.79
Gasoline and fuel oil for buses	370,776.33	424,908.86
Total power	<u>\$2,827,494.61</u>	<u>\$2,711,173.81</u>

OPERATING EXPENSE ACCOUNTS—*Concluded*

	Years Ended December 31	
	1946	1945
Conducting Transportation:		
Superintendence of transportation	\$ 2,152,215.57	\$ 1,889,041.81
Pass. car, trainmen and bus operators	9,076,610.07	7,946,320.58
Misc. car and bus service employees	263,678.00	239,548.85
Misc. car and bus service expenses	190,091.30	166,660.32
Station employees	1,207,784.35	1,082,308.70
Station expenses	317,970.57	296,597.05
Car house and bus garage employees	1,410,167.71	1,166,502.86
Car house and bus garage expenses	161,935.96	148,545.79
Operation of signal & interlocking apparatus	305,727.64	292,841.62
Operation of communication systems	25,840.75	25,214.06
Other transportation expenses	371,379.18	330,101.64
Total conducting transportation	15,483,401.10	13,583,683.28
Traffic	65,279.92	43,336.54
General and Miscellaneous:		
Salaries and expenses of general officers	131,337.53	113,162.13
Salaries and expenses of general office clerks	714,722.86	657,510.39
General office supplies and expenses	141,226.96	96,832.80
Law expenses	59,063.14	54,544.03
Pensions and gratuities	421,859.95	349,778.53
Miscellaneous general expenses	185,651.81	167,149.97
Injuries and damages	1,744,010.12	1,401,666.76
Insurance	309,579.73	220,832.58
Stationery and printing	114,849.14	123,397.78
Store expenses	431,033.07	389,011.48
Service garage expenses and supplies	164,942.21	164,516.37
Rent of equipment	16,190.15	15,969.38
Total general and miscellaneous	4,434,466.67	3,754,372.20
Total Operating Expenses	\$32,040,456.72	\$28,604,544.07

INVESTMENTS IN ROAD OWNED AND LEASED — DECEMBER 31, 1946

Boston Elevated Railway Company:

Road and equipment	\$110,911,127.90	
Miscellaneous physical property	224,585.84	
West Roxbury lines (E. Mass. St. Ry. Co.)	231,530.98	
	<hr/>	
Total Boston Elevated Railway Company invest- ment		\$111,367,244.72

Leased Lines:

Hyde Park Transportation District—City of Boston..	245,931.51	
West Roxbury Lines (part leased)—E. Mass. St. Ry. Co.	672,847.44	
	<hr/>	
Total leased lines		918,778.95

City of Boston Investment:

Boylston subway	11,580,000.98	
Cambridge connection	1,707,881.83	
Dorchester tunnel	12,325,272.15	
Dorchester rapid transit extension	11,158,986.12	
East Boston tunnel	7,352,857.03	
East Boston tunnel extension	2,353,863.67	
Huntington Avenue subway	2,649,187.11	
Tremont subway	4,675,251.94	
Washington tunnel	8,017,567.67	
	<hr/>	
Total City of Boston investment		61,820,868.50

Commonwealth of Massachusetts Investment:

Cambridge subway	8,226,759.52	
	<hr/>	
Total Commonwealth of Massachusetts invest- ment		8,226,759.52

Total Investment in Road Owned and Leased		\$182,333,651.69
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ROAD AND EQUIPMENT INVESTMENT

Way and Structures:	Account	Total Dec. 31, 1946	Total Dec. 31, 1945
Engineering and superintendence		\$ 1,376,264.87	\$ 1,376,264.87
Right of way		8,238,139.53	8,241,198.05
Other land		5,821,917.85	5,783,945.28
Grading		298,001.92	301,501.74
Ballast		694,346.48	694,665.18
Ties		669,828.73	671,758.84
Rails, rail fastenings and joints		1,367,952.08	1,373,390.49
Special work		4,311,428.84	4,323,000.82
Track and roadway labor		3,897,205.70	3,887,854.78
Paving		1,258,631.58	1,261,649.24
Roadway machinery and tools		740,179.57	654,683.39
Tunnels and subways		360,438.88	360,438.88
Elevated structures and foundations		4,003,072.13	4,001,556.49
Bridges, trestles and culverts		1,989,430.98	1,989,430.98
Crossings, fences and signs		85,720.95	85,720.95
Signals and interlocking apparatus		1,207,012.97	1,181,134.41
Telephone and telegraph lines		96,370.33	96,370.33
Poles and fixtures		749,408.91	728,035.74
Underground conduits		1,928,370.02	1,921,215.12
Distribution system		3,729,705.17	3,703,725.21
Shops, car houses and garages		8,599,885.25	8,589,635.33
Stations, misc. buildings and structures		4,554,404.98	4,307,958.80
Wharves and docks		232,301.20	232,301.20
Total way and structures		\$ 56,210,018.92	\$ 55,767,436.12
Equipment:			
Pass. cars, buses and trackless trolleys		\$25,074,785.10	\$ 24,547,460.20
Service equipment		948,767.87	951,765.34
Electric equip. of cars and trackless trolleys		8,327,110.13	8,290,423.92
Shop equipment		999,520.08	985,324.01
Furniture, fare boxes and passimeters		315,474.07	309,274.59
Miscellaneous equipment		1,250,607.90	1,207,736.03
Total equipment		\$ 36,916,265.15	\$ 36,291,984.09
Power:			
Power plant buildings		\$ 3,592,167.44	\$ 3,592,167.44
Sub station buildings		640,729.06	640,729.06
Power plant equipment		7,007,039.68	7,008,214.96
Sub station equipment		2,770,945.35	2,748,361.92
Transmission system		1,636,459.21	1,640,971.52
Total power		\$ 15,647,340.74	\$ 15,630,444.90
General and Miscellaneous			
Law expenditures		\$ 250.00	\$ 250.00
Interest during construction		1,832,018.46	1,832,018.46
Injuries and damages		7,500.00	7,500.00
Taxes		145,444.74	145,444.74
Miscellaneous		12,506.29*	13,282.09*
Total general and miscellaneous		\$ 1,972,706.91	\$ 1,971,931.11
Unfinished Construction		164,796.91	57,632.42
Total Road and Equipment Investment		\$110,911,127.90	\$109,719,428.64

*Credit.

COMPARATIVE STATISTICS

	Years Ended December 31	
	1946	1945
Passenger and Traffic Statistics:		
Total income per revenue passenger	9.02c	8.95c
Cost of service per revenue passenger	9.66c	9.17c
Passenger revenue	\$37,996,894.88	\$36,607,706.17
Round trips operated	6,964,652	6,888,539
Average fare per fare passenger	8.76c	8.71c
% of 5c fares to total rev. passengers	24.79%	25.83%
Revenue passengers per mile operated	7.82	7.69
Revenue Passengers:		
10c Fares	325,087,844	310,895,529
5c Fares	100,932,641	102,573,224
5c Pupils' tickets	6,435,330	5,923,263
Special car and special bus	485,431	563,374
6½c Joint fares	153,706	140,775
Total revenue passengers	433,094,952	420,096,165
Revenue Miles:		
Surface cars	25,124,433	25,302,962
Rapid transit cars	14,420,538	14,639,732
Buses	12,210,365	11,084,889
Trackless trolleys	3,644,947	3,578,802
Total revenue miles	55,400,283	54,606,385
Revenue Hours:		
Surface cars	2,701,379	2,764,036
Buses	1,370,691	1,254,501
Rapid transit cars	957,871	974,028
Trackless trolleys	388,494	380,482
Total revenue hours	5,418,435	5,373,047
Power Statistics:		
Tons of coal burned for power	157,765	168,088
Average price of coal per long ton (at boilers)	\$8.30	\$7.73
Barrels of fuel oil burned	37,065	—
Equiv. pounds of coal per D.C. kilowatt hour	1.485	1.509
Net cost of power for car service per D.C. kilowatt hour (cents)	1.039	0.964
Net cost of D.C. power per total car mile (cents).	5.591	5.164
Direct current annual output (kilowatt hours)	249,229,300	249,483,010

INCOME AND COST OF THE SERVICE

Years Ended December 31

Income	1946	1945	1944	1943	1942
Revenue from transportation	\$37,996,894.88	\$36,607,706.17	\$36,573,657.22	\$36,865,383.74	\$32,608,834.56
Revenue from other operations	1,036,430.03	910,706.74	797,686.29	709,396.81	621,558.09
Non-operating income	48,782.79	84,944.89	88,847.39	78,951.40	22,228.85
Total Income	\$39,082,107.70	\$37,603,357.80	\$37,460,190.90	\$37,653,731.95	\$33,252,621.50
Expenses and Fixed Charges					
Operating Expenses:					
Wages	\$23,122,763.31	\$20,575,787.94	\$19,066,557.60	\$17,898,542.90	\$15,141,867.23
Material and other items	3,895,838.14	3,439,904.23	3,352,159.27	3,058,379.85	2,309,110.86
Injuries and damages	1,454,818.38	1,144,918.46	1,039,772.34	897,207.35	800,973.57
Depreciation	1,808,816.64	1,720,269.83	1,875,555.31	1,900,966.42	2,184,464.26
Fuel	1,758,220.25	1,723,663.61	1,734,207.47	1,445,067.48	1,225,003.27
Total Operating Expenses	\$32,040,456.72	\$28,604,544.07	\$27,068,251.99	\$25,200,164.00	\$21,661,419.19
Taxes	\$ 1,902,923.41	\$2,047,052.67	2,940,201.63	2,948,781.38	1,694,905.45
Subway and rapid transit line rentals	2,836,184.35	2,835,107.77	2,834,043.84	2,833,042.00	2,831,402.68
Interest on bonds	3,699,480.02	3,699,480.02	3,707,063.34	3,745,393.88	3,877,901.26
Dividends (required by law)	1,193,970.00	1,193,970.00	1,193,970.00	1,193,970.00	1,193,970.00
Rent of leased roads	45,090.22	45,977.88	45,961.24	45,968.28	45,968.28
Miscellaneous items	115,309.50	92,610.47	101,636.32	96,845.33	91,201.64
Total Expenses and Fixed Charges	\$41,833,414.22	\$38,518,742.88	\$37,891,128.36	\$36,064,164.87	\$31,396,768.50
Result of Operations	\$ 2,751,306.52 *	\$ 915,385.08 *	\$ 430,937.46 *	\$ 1,589,567.08	\$ 1,855,853.00
Profit and Loss Items — net	1,864,683.98	407,500.00	37,917.19	16,034.38	931,648.54 *
Surplus or Deficiency of Income	\$ 886,622.54 *	\$ 507,885.08 *	\$ 393,020.27 *	\$ 1,605,601.46	\$ 924,204.46

* Denotes loss.

REVENUE EQUIPMENT ACQUIRED AND RETIRED 1918-1946

	On Hand July 1, 1918	July 1, 1918 to Dec. 31, 1946		On Hand Dec. 31, 1946
		Acquired	Retired	
Surface Cars				
Semi-convertible cars—type no. 1 to no. 4.....	453	—	212	241
Semi-convertible cars—type no. 5.....	—	471	—	471
Semi-convertible cars—type “4000”	—	64	31	33
Center entrance cars	100	305	307	98
Trailer cars	174	50	224	—
P.C.C. cars	—	271	—	271
Birney type cars	1	80	81	—
Articulated cars	177	—	177	—
Box cars	1,113	—	1,113	—
Open cars	1,354	—	1,354	—
	—	—	—	—
Total surface cars	3,372	1,241	3,499	1,114
Rapid Transit Cars				
Elevated cars, wood and steel	169	—	169	—
Elevated cars, steel	162	163	46	279
Camb.-Dorch. tunnel cars, steel	60	95	—	155
East Boston tunnel cars, steel	—	48	—	48
	—	—	—	—
Total rapid transit cars	391	306	215	482
Buses				
Mechanical drive	—	1,100	518	582
Diesel—electric drive	—	24	1	23
Diesel—hydraulic drive	—	2	—	2
Gas-electric drive	—	46	46	—
	—	—	—	—
Total buses	—	1,172	565	607
Trackless Trolleys				
Trackless Trolleys	—	162	—	162
	—	—	—	—
Totals	3,763	2,881	4,279	2,365

BASIC DATA FOR PERIOD OF PUBLIC CONTROL CALENDAR YEARS

Year Ended Dec. 31	Revenue Passengers	Revenue Miles	Income	Operating Expenses	Fixed Charges	Miscellaneous Deduction	Result of Operations (excluding Profit and Loss Items)	Average Income Per Rev. (Cents)	Oper. Exp. Per Rev. (Cents)	Fixed Charges Per Rev. (Cents)	Average Fare Per Rev. (Cents)
1919	324,758,685	53,721,249	\$29,498,582.82	\$23,700,339.41	\$7,873,683.38	\$306,659.91	\$2,382,099.88*	9.08c	7.30c	2.42c	8.86c
1920	335,526,561	51,359,855	34,031,636.44	25,769,122.11	8,342,668.69	267,012.88	347,167.24*	10.14	7.68	2.48	9.87
1921	337,252,080	49,804,625	33,277,025.53	22,843,056.99	9,006,357.65	256,166.02	1,171,444.87	9.87	6.77	2.67	9.56
1922	356,593,942	50,707,740	32,699,176.37	22,088,458.75	9,073,591.28	124,937.26	1,412,189.08	9.17	6.19	2.54	8.93
1923	382,149,697	54,156,064	34,096,813.26	24,130,253.41	9,189,868.68	97,059.61	679,631.56	8.92	6.31	2.40	8.71
1924	382,888,848	56,091,347	34,175,319.61	25,222,133.56	9,355,944.91	233,937.54	636,696.40*	8.93	6.59	2.44	8.73
1925	365,036,286	55,558,126	34,547,379.61	24,405,735.57	9,462,371.51	177,078.68	502,193.85	9.46	6.69	2.59	9.23
1926	371,218,401	57,943,381	35,481,313.38	26,076,268.11	9,713,154.75	174,639.64	482,749.12*	9.56	7.02	2.61	9.26
1927	366,938,908	56,834,029	35,193,410.03	25,132,332.81	9,705,521.39	132,740.34	222,815.49	9.59	6.85	2.64	9.26
1928	362,005,033	57,481,292	34,843,147.51	24,900,188.69	9,719,134.04	183,773.76	40,051.02	9.63	6.88	2.68	9.28
1929	354,214,990	56,684,985	34,096,623.03	24,024,747.23	9,871,709.99	106,093.17	94,072.64	9.63	6.78	2.78	9.28
1930	342,694,905	56,061,843	32,510,721.17	23,527,974.68	10,048,505.49	68,879.81	1,134,638.81*	9.49	6.87	2.93	9.16
1931	324,788,577	53,553,889	29,855,107.30	22,250,748.25	9,428,547.27	80,757.13	1,904,945.35*	9.19	6.85	2.90	8.87
1932	291,753,825	51,195,761	26,428,493.63	19,542,428.16	9,322,878.62	132,632.30	2,569,445.45*	9.06	6.70	3.19	8.79
1933	267,845,429	46,141,119	24,154,373.09	16,829,647.05	9,461,842.77	110,813.53	2,247,930.26*	9.02	6.28	3.53	8.76
1934	277,034,175	45,822,648	24,818,625.48	16,895,090.49	9,310,234.87	77,789.87	1,464,489.75*	8.96	6.10	3.36	8.72
1935	280,402,526	46,033,344	24,926,426.46	17,665,412.59	9,387,071.91	103,193.19	2,229,251.23*	8.89	6.30	3.35	8.67
1936	296,180,666	46,492,077	26,096,155.47	18,410,341.99	9,488,166.08	95,116.41	1,897,469.01*	8.81	6.22	3.20	8.59
1937	296,397,493	46,796,328	25,939,777.15	18,710,803.85	9,670,191.13	84,806.36	2,526,024.19*	8.75	6.31	3.26	8.54
1938	291,175,017	45,799,029	25,383,333.23	18,799,286.39	9,641,109.24	83,623.54	3,140,685.94*	8.72	6.46	3.31	8.49
1939	295,123,077	45,555,636	25,710,948.40	18,716,005.94	9,649,979.64	89,252.96	2,744,290.14*	8.71	6.34	3.27	8.50
1940	294,450,628	45,433,001	26,443,297.95	19,285,456.91	9,678,130.76	81,384.99	2,601,674.71*	8.98	6.55	3.29	8.76
1941	306,815,525	45,703,597	27,593,514.81	19,387,362.15	9,715,546.34	84,363.28	1,593,756.96*	8.99	6.32	3.17	8.80
1942	370,265,241	53,804,462	33,252,621.50	21,661,419.19	9,644,147.67	91,201.64	1,855,853.00	8.98	5.85	2.60	8.80
1943	418,203,633	58,240,174	37,653,731.95	25,200,164.00	10,767,155.54	96,845.33	1,589,567.08	9.00	6.02	2.57	8.80
1944	417,069,378	57,088,181	37,460,190.90	27,068,251.99	10,721,240.05	101,636.32	430,937.46*	8.98	6.49	2.57	8.75
1945	420,096,165	54,606,385	37,603,377.80	28,604,544.07	9,821,588.34	92,610.47	915,385.08*	8.95	6.81	2.34	8.71
1946	433,094,952	55,400,283	39,082,107.70	32,040,456.72	9,677,648.00	115,309.50	2,751,306.52*	9.02	7.40	2.23	8.76

* Denotes Excess Cost of Service Over Receipts.

Excluding Special Car and Special Bus Service

BASIC COMPARISONS OF WAGES AND OPERATING EXPENSES

(Per Revenue Passenger, Per Revenue Mile and Percentage of Total Income)

Years Ended December 31

Year	PER REVENUE PASSENGER			PER REVENUE MILE			PERCENTAGE OF TOTAL INCOME		
	Wages of Operators and Trainmen Only	Operating Expenses		Wages of Operators and Trainmen Only	Operating Expenses		Wages of Operators and Trainmen Only	Operating Expenses	
		Wages	Total		Wages	Total		Wages	Total
1919	2.11c	4.78c	7.30c	12.77c	28.93c	44.12	23.25%	25.68%	80.34%
1920	2.28	5.13	7.68	14.89	33.52	50.17	22.47	50.59	75.73
1921	2.09	4.62	6.77	14.14	31.25	45.87	21.16	46.77	68.64
1922	1.81	4.14	6.19	12.71	29.13	43.56	19.70	45.18	67.55
1923	1.84	4.25	6.31	13.01	29.96	44.56	20.66	47.58	70.77
1924	1.97	4.53	6.59	13.43	30.95	44.97	22.04	50.79	73.79
1925	1.99	4.64	6.69	13.07	30.48	43.93	21.03	49.01	70.64
1926	2.01	4.77	7.02	12.88	30.54	45.00	21.03	49.88	73.49
1927	1.93	4.57	6.85	12.43	29.48	44.22	20.08	47.61	71.41
1928	1.91	4.60	6.88	12.00	28.96	43.32	19.80	47.78	71.46
1929	1.87	4.54	6.78	11.69	28.39	42.38	19.43	47.20	70.46
1930	1.88	4.63	6.87	11.51	28.30	41.97	19.86	48.80	72.37
1931	1.87	4.63	6.85	11.32	28.08	41.55	20.30	50.38	74.53
1932	1.82	4.59	6.70	10.39	26.15	38.17	20.13	50.67	73.94
1933	1.71	4.26	6.28	9.91	24.72	36.47	18.94	47.22	69.68
1934	1.65	4.09	6.10	9.96	24.73	36.87	18.39	45.66	68.07
1935	1.67	4.19	6.30	10.18	25.54	38.37	18.80	47.17	70.87
1936	1.66	4.17	6.22	10.56	26.56	39.60	18.81	47.31	70.55
1937	1.69	4.29	6.31	10.70	27.16	39.98	19.31	48.99	72.13
1938	1.74	4.43	6.46	11.05	28.15	41.04	19.93	50.80	74.06
1939	1.68	4.33	6.34	10.91	28.02	41.08	19.33	49.64	72.79
1940	1.70	4.40	6.55	11.04	28.50	42.45	18.96	48.96	72.93
1941	1.68	4.32	6.32	11.26	28.99	42.42	18.66	48.02	70.26
1942	1.66	4.09	5.85	11.46	28.14	40.26	18.54	45.54	65.14
1943	1.73	4.28	6.02	12.42	30.73	43.27	19.21	47.53	66.93
1944	1.78	4.57	6.49	12.99	33.40	47.41	19.79	50.90	72.26
1945	1.89	4.90	6.81	14.55	37.69	52.38	21.13	54.72	76.07
1946	2.10	5.34	7.40	16.38	41.74	57.84	23.22	59.16	81.98



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